

OCA FILE OCA

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

ADD/CAP

EXTENSION

NO.

OCA 3745-88

DATE

10 NOV 1988

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. OCA
7B24 Hqs.

Please phone or write your comments to me by COB, Tuesday, 22 November.

STAT

STAT

STAT

STAT

DRAFT

CHAPTER EIGHT

MANAGING THE INTELLIGENCE WORKFORCE FOR THE 1990s AND BEYOND

Those intelligence agencies with sufficient flexibility in their appointing and compensation personnel authorities to compete with the private sector were able to meet the challenge of large staff growth. This occurred at a time when most federal agencies, faced with negative remarks from two presidents about "bureaucrats" and continuing pay stagnation, had difficulty competing in the employment market for talented people with highly sought technical skills. The panel has been continually impressed with the high caliber of intelligence agency personnel with whom it met throughout this study, and believes this can be at least partially attributed to the flexibility Congress has provided in many of the intelligence agencies' personnel systems.

Flexibility and Strategic Planning

Because of the strategic trends in the intelligence function and the demographic, social and economic trends in U.S. society, neither Congress or the intelligence agencies can predict the exact nature of the future workforce or the skill mix the intelligence agencies will need to most effectively accomplish their missions. Flexible human resource management is crucial if the agencies are to meet the challenges of missions that will change as collection technology and threats to national security change.

DRAFT

Given this uncertainty, the panel reinforces its belief that the intelligence agencies need the flexibility to adjust appointment authorities, pay rates and other components of human resource management. Combined with strong leadership from agency heads, this discretion will be the best predictor that the intelligence agencies can meet their future workforce needs.

In this regard, the panel firmly believes that intelligence agency strategic planning and workforce planning should be done in tandem. A workforce planning program is a systematic approach to determining an agency's staffing requirements, and provides management with sound information on which to base projections. An effective program is tied to the agency's budget process and overall planning, and establishes the basis for overall human resource planning and management. Without the natural link of workforce and strategic planning initiatives, the intelligence agencies risk not having the best mix of staff to meet mission needs.

The panel is in full support of the DCI's initiative to develop a strategic plan. After its presentation and discussion with the new administration and, following that, the intelligence committees of the Congress, it will provide the basis for improved human resource planning by each of the agencies.

DRAFT

From Flexibility to Enhanced Productivity

Whenever federal agencies discuss managing their personnel, especially when they address the need for equitable pay practices, efficiency and productivity issues arise, as well they should. The panel firmly believes that to discuss enhanced productivity only in terms of cost control would be misleading. The most productive workforce is one which achieves the highest level of mission accomplishment.

With the authority to manage their workforces in the manner most geared to successful mission accomplishment, intelligence agencies will have the tools to do their work well. How they apply these tools will affect the efficiency with which the agencies operate, and there may be cost saving potential here.

The panel believes that the intelligence agencies have an opportunity to achieve a more productive and, in the long run, perhaps less costly, set of compensation practices. The panel believes it is fully appropriate for the agencies to meet market requirements in hiring and retaining high quality staff. However, the panel is convinced that, through the recommended Senior Coordinating Group, the agencies will be able to compare compensation rates and practices and devise more cost effective approaches in some areas.

DRAFT

The most obvious opportunity for change is in overseas pay practices, as they relate to overall agency classification and compensation practices. The panel reiterates that U.S. employees who serve overseas should be fully compensated for any disparities in cost of living or additional expenses they incur in serving their nation in a foreign country. However, the panel firmly believes that an agency's classification system should be structured to assign the correct value (and thus, pay) to a position, whether the employee is stationed in the United States or overseas. The overseas pay and allowances should not be used in lieu of accurate position classification.

Support for Appropriate Rates of Pay

With the purchasing power of General Schedule pay having declined 23.6 percent since 1969 and given the compression within the Senior Executive pay level, it is no wonder that compensation issues receive the level of attention that they do.

The panel offers its strong support for recommendations contained in reports such as those of the President's Commission on Compensation of Career Federal Executives, the National Commission on the Public Service, and the Quadrennial Commission on Executive, Legislative and Judicial Pay.

DRAFT

The expression "you get what you pay for" applies to the Intelligence Community as well as any other group of men and women who provide their services in exchange for a paycheck. While employees in the intelligence agencies are often more motivated by the intrinsic rewards of their work than are others, if current philosophies prevail, there will come a time when federal pay -- even with special salary rates -- will not be adequate to attract and retain the best and the brightest minds the nation has to offer.

Observations on Counter Intelligence Issues

The secrecy endemic to intelligence work has generated a wide range of personnel security processes in all Intelligence Community agencies. These practices make up a critical part of the larger charge of protecting intelligence sources and methods from foreign espionage -- a charge levied by law on the cryptologic services, the DCI and all intelligence agencies.

The panel elected to focus on how these processes may affect employee recruitment and separation. The panel found anecdotal examples of good candidates who did not want to delay starting a job while undergoing security clearance, but little indication that security procedures and timeframes impeded intelligence agencies

DRAFT

from hiring high quality candidates. The panel also found some agencies were better prepared to address employee and organizational concerns when an employee is involuntarily separated. Here again, this is an area in which the agencies can learn from one another through the proposed Senior Coordinating Group.

The panel debated whether to address personnel security in greater depth, given recent examples of espionage, conducted over long periods of time before detection. Panel members were aware of the Senate Select Committee on Intelligence's belief that the intelligence agencies should do more to share experiences on successful counterintelligence methods and upgrade training in this area. Certainly, the 1985 report of the Secretary of Defense's Commission to Review DOD Security Policy and Practices highlighted these issues.

Ultimately, the panel decided to limit its review of personnel security issues as discussed earlier. Given the panel's focus on human resource management issues, this was appropriate. Nonetheless, it seemed that at each panel meeting, counterintelligence issues were discussed more generally. One meeting occurred shortly after the retired U.S. military official was arrested in the Federal Republic of Germany; the man had not had his five-year security reinvestigation done, apparently because of budget constraints.

DRAFT

While the agencies operate under similar statutes and together prepared and adopted a DCI directive (1/14) on security procedures, practices vary greatly, as does the extent to which counterintelligence issues are woven into agency training and career development programs. The panel would thus like to go on record in strong support of the Intelligence Community's efforts to upgrade personnel security where needed, and more fully integrate it into all aspects of human resource management. The sensitivity of supervisor to significant changes in an employee's attitude, lifestyle or behavior must become an increasing part of an agency's counterintelligence program. The panel believes all intelligence agencies have adequate authority to aggressively pursue this.

With Flexibility Comes Accountability

Within healthy organizations, there are defined responsibilities and clear lines of reporting on results of work. This, in essence, is a working definition of accountability. Within the federal public sector, there is an added component, in that agencies and departments report not only to the heads of their organization but to the Congress, through the congressional oversight process.

DRAFT

Clearly, within the Intelligence Community, there are variations on the federal oversight process. For one thing, the agencies' budgets and the follow-on oversight are handled through the same committees in each House of Congress, unlike other executive agencies, which work through separate appropriations and oversight committees. Thus, congressional committee members and their staffs are in some ways more familiar with agency activities.

In other ways, there is less general oversight of intelligence activities than those of other agencies, given the clandestine nature of the work and the limited public access -- through the media or otherwise -- to intelligence agency products.

The panel believes that congressional oversight needs to be strong, and that the staff who perform much of it on behalf of members of Congress need to be well versed in the results of agency activities. To a certain extent, they need to address issues of process or administrative practice. Ideally, however, these subjects would be addressed more by senior agency management, freeing the Congress for more substantive review of agency activities.

The panel again commends the Congress for commissioning this study, which reflects the best component of congressional oversight -- a focus on the future, so that agency activities are fully

DRAFT

productive and Congress has the information it needs for guidance and review.

The panel believes that the flexible personnel authorities it recommends can be effectively monitored through a combination of congressional, and agency oversight. This should take the form of better communication among the agencies, and better coordination between the agencies and the Intelligence Community Staff, and enhanced reporting by the agencies to the congressional intelligence committees. The key to all good oversight is "no surprises" -- more professionally expressed as better communication.

The key is to strike a balance between appropriate communication and reporting mechanisms, such that Congress has the information it needs to perform effective oversight and the agencies have the freedom to operate within the parameters of their management structures.

In its report on Congressional Oversight of Regulatory Agencies: The Need to Strike a Balance and Focus on Performance, the National Academy of Public Administration offers several recommendations which it believes apply to all executive branch agencies. Among them are:

DRAFT

Congress and the executive should seek to develop a balance in their oversight relationships that avoids excessive antagonism, at the one extreme, or capture at the other. Oversight relationships must be sufficiently adversarial to ensure that programs are scrutinized and evaluated, but must be sufficiently accommodating to permit efficient and effective government.

Congress should increase oversight which evaluates the appropriateness of [regulatory] statutes and the effectiveness of administrative procedures to implement them. While, on occasion, ad hoc oversight may be the only feasible approach, Congress needs to concentrate on a systematic, long-term analysis of laws and programs. Ad hoc oversight should be integrated with this work.

At the beginning of each Congress, committee and subcommittee chairs and ranking minority members from both chambers should meet with the agency heads under their jurisdiction to exchange views about those areas of agency activity that should be the focus of specific oversight efforts or additional congressional direction. The committee leadership should consult also with groups affected by or otherwise interested in the relevant agencies.

Committees should encourage staff members to develop a thorough understanding of the agencies for which they are responsible, establish more executive-legislative staff exchange programs, and recruit individuals with executive-branch experience for staff positions.

Congress should ensure that agencies engage in more thorough, systematic, and comprehensive evaluations of the programs they administer by: earmarking funds for program evaluation; providing in authorizing statutes criteria by which to measure program effectiveness; and setting deadlines for submitting evaluation reports to committees.

Agencies themselves should ensure good cooperation and communication with the Congress and full compliance with enabling statutes. They should make suggestions for: areas of agency activity and statutes that would benefit from oversight proceedings; needed statutory improvements; and priorities for [regulatory] actions. Agencies should also seek budgets sufficient to achieve the tasks Congress has delegated to them.

DRAFT

With these thoughts in mind, the panel concludes its report on the intelligence agencies' personnel systems. The panel believes the individual agencies and the Congress are farsighted in their efforts to anticipate workforce changes and develop human resource management systems to help address these issues. With necessity as the continuing source of invention, the panel is confident that the agencies and Congress can work together to assure that the intelligence workforce will be able to fulfill the missions required of it throughout the 1990s and beyond.

#397 - November 9, 1988